

We hope this pamphlet answers most of your questions. If you have other questions or concerns please call us at the



If you need help, please call
our toll free number:
(800) 689-4776

We have representatives available
Monday through Friday between
the hours of 8 a.m. and 5 p.m.

Join the Electronic Funds Transfer revolution! The Franchise Tax Board is requesting that business payroll offices use Electronic Funds Transfer to transmit Earnings Withholding Order payments.

This program allows participating businesses to replace the check-writing process with Electronic Funds Transfer for most payments.

If, as an employer, you have a high number of Earnings Withholding Order payments, and you would like to participate in this program, please call us at (916) 845-4025.

FRANCHISE TAX BOARD

Franchise Tax Board

PO Box 2952
Sacramento CA 94267-2952

Franchise Tax Board



Earnings Withholding Order for Taxes

Commonly Asked Questions from Employers

Commonly asked Questions from Employers regarding Earnings Withholding Orders for Taxes

1. My employee states that withholding 25% of wages will create a hardship. Can payroll adjust the deduction?

No. Only the Franchise Tax Board can reduce the amount required to be withheld through the Earnings Withholding Order for Taxes (EWOT). Encourage your employee to call (800) 689-4776. In many cases, we can arrange a payment plan. If a plan is arranged, we will send you a release.

2. Your garnishments cost my company money. Is there any way I can recover these expenses?

You may deduct one dollar (\$1) from the employee's pay for each payment made on the EWOT. However, if your employee qualifies for an installment agreement we will release the EWOT. (See answer to question above)

3. My employee already has another garnishment in place. What should I do with the EWOT that your department has issued?

A court ordered garnishment of wages for support has precedence over all others. However, if the garnishment for support is less than 25% of your employee's disposable income, the remaining amount, up to a total of 25% should be paid on our EWOT.

If the existing garnishment is from the Internal Revenue Service, begin making payments on our EWOT **after** the garnishment from the IRS has been paid in full.

If the existing garnishment is from a state agency, and is for a liability other than taxes (such as the Department of Motor Vehicles fees or outstanding student loans), our EWOT starts immediately and the non tax garnishment is put on hold until our EWOT is fully paid.

If the existing garnishment is for taxes from a state agency, such as the Employee Development Department or the Board of Equalization, our garnishment is not valid. Complete part 2 of our EWOT and return it to us within 15 days.

If the existing garnishment is for a civil judgement (such as a small claims court judgement), our EWOT starts immediately and the civil judgement garnishment is put on hold until our EWOT is fully paid.

4. Do I need to call the Franchise Tax Board when I receive your EWOT?

No. Complete part 2 of the EWOT and return it using the envelope provided.

5. The employee is no longer with my company. What should I do with the EWOT?

If the employee no longer works for you and left within the past 12 months, complete part 2 of the EWOT and return it using the envelope provided.

If the employee is expected to return to work within 12 months of the date of the EWOT, you must begin to withhold wages as directed on part 1, when the employee returns to work.



6. My employee told me that his or her spouse is also being garnished. Do I still need to garnish my employee?

Yes

7. The employee is on a leave of absence, out on workers' compensation, or out on disability. What should I do?

The EWOT remains in effect even if there are no earnings. Complete part 2 of the EWOT and begin to withhold when the employee returns to work.

8. The Social Security number on your EWOT does not match the number I have for the employee. What should I do?

Please telephone us at (800) 689-4776. We will analyze the account to determine the correct number.

9. The name of my employee does not match the name on your EWOT. However, the Social Security numbers are the same. What should I do?

Please telephone us at (800) 689-4776. We will analyze the account to determine the correct name and number.

10. I have no record of this employee. What should I do?

Return part 2 of the EWOT indicating that you have no record of this employee.

11. I have been honoring a Franchise Tax Board EWOT and have just received a new one. What should I do?

If you receive a second EWOT from our department, continue to pay on the first garnishment. The second garnishment is not valid. Complete part 2 of the second EWOT and return it to us within 15 days in the envelope provided.

12. How do I compute disposable earnings?

Disposable earnings are computed by subtracting the following from gross earnings (these deductions are required by law):

Federal income tax
Social security
State income tax
State disability insurance

Do not subtract the following from gross earnings to determine the amount to be withheld:

401(k) contributions
Health deductions
Court ordered assignment for support
Voluntary deductions

13. Does an EWOT apply to bonuses and commissions?

Yes

14. Where and when is the amount withheld sent?



Amounts withheld from your employee's previous monthly pay periods should be sent to:

Franchise Tax Board
PO Box 2952
Sacramento CA 95812-2952

Payments should be sent no later than the 15th of each month.

15. I have received EWOT's for more than one employee. Can I send one check?

Yes, you must identify the employee's name, Social Security number, tax year(s), and amount for each employee on your check.

16. My employee has told me that other arrangements have been made with the Franchise Tax Board. What should I do?

Make payments as directed by the EWOT. We will notify you if payments are to be stopped or adjusted.